

CHAPTER 133

GOVERNMENT - STATE

HOUSE BILL 22-1337

BY REPRESENTATIVE(S) Herod and Ransom, McCluskie, Esgar, Exum, Ricks, Snyder, Garnett;
also SENATOR(S) Hansen and Rankin, Zenzinger.

AN ACT

CONCERNING A REQUIREMENT THAT THE STATE PERSONNEL DIRECTOR QUADRENNIALLY PRODUCE A REPORT ON COMPENSATION, AND, IN CONNECTION THEREWITH, MODIFYING REQUIREMENTS FOR THE COMPENSATION REPORT, INCLUDING REPORTING DEADLINES, AND MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-9-102, **amend** (1)(d) as follows:

24-9-102. Salaries of appointed state officials. (1) The following state officials shall receive annual salaries and allowances, payable monthly, as follows:

(d) Effective July 1, 2005, public utilities commission, each commissioner, an amount as set by the executive director of the department of regulatory agencies based on the most recent available figures contained in the ~~annual~~ QUADRENNIAL total compensation survey conducted by the state personnel director pursuant to section 24-50-104 (4)(a) and subject to review by the state auditor and the general assembly pursuant to section 24-50-104 (4)(b) and (4)(c). The commissioners' salaries shall be set within the range identified in the survey for the category of senior executive service and shall be uniform; except that the chairman may receive a salary that is up to ten percent higher than those of the other two commissioners.

SECTION 2. In Colorado Revised Statutes, 24-50-104, **amend** (1)(a)(II), (1)(e), (4)(a), (4)(b)(I), (4)(c), (5)(b), (10)(a), and (10)(c); and **repeal** (4)(b)(II) as follows:

24-50-104. Job evaluation and compensation - state employee reserve fund - created - definitions - repeal. (1) **Total compensation philosophy.** (a) (II) The state personnel director shall establish technically and professionally sound survey methodologies to assess prevailing total compensation practices, levels, and costs.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

Except as provided in ~~subparagraph (III) of this paragraph (a)~~ SUBSECTION (1)(a)(III) OF THIS SECTION, for purposes of this ~~paragraph (a)~~ SUBSECTION (1)(a), to determine and maintain salaries, state contributions for group benefit plans, and merit pay that are comparable to public and private employment, the state personnel director shall ~~annually~~ QUADRENNIALLY review the results of appropriate surveys by public or private organizations, including surveys by the state personnel director SET FORTH IN SUBSECTION (4)(b)(I) OF THIS SECTION. Any surveys provided on a confidential basis shall not be revealed except to the state auditor's office and the private firm conducting the audit required in ~~paragraph (b) of subsection (4)~~ SUBSECTION (4)(b) of this section. The state personnel director shall adopt appropriate procedures to determine and maintain other elements of total compensation, including the payment of incentive awards to employees in the state personnel system. The state personnel director's review and determination of total compensation practices shall not be subject to appeal except as otherwise authorized by law or state personnel director procedures.

(e) The state personnel director shall sustain an employee's base salary in the event such employee's position is placed in a lower pay range due to an allocation of such employee's position, a system maintenance study of all positions in a class, a general job evaluation study of the state personnel system, or the ~~annual~~ QUADRENNIAL compensation survey for a period not to exceed three years from the effective date of such placement.

(4) **Quadrennial compensation process.** (a) The purpose of the ~~annual~~ QUADRENNIAL compensation process is to determine any necessary adjustments to state employee salaries, state contributions for group benefit plans, and merit pay. The ~~annual~~ QUADRENNIAL compensation survey, based on an analysis of surveys by public or private organizations, including surveys by the state personnel director, shall include a fair sample of public and private sector employers and jobs, including areas outside the Denver metropolitan area. In order to establish confidence in the selection of surveys, the state personnel director shall meet and confer in good faith with management and state employee representatives.

(b) (I) ~~The~~ ON OCTOBER 1, 2025, AND ON OCTOBER 1 OF EACH FOURTH YEAR THEREAFTER, THE state personnel director shall prepare ~~an annual~~ A QUADRENNIAL compensation report based on the analysis of surveys conducted pursuant to ~~paragraph (a) of this subsection (4)~~ SUBSECTION (4)(a) OF THIS SECTION. The purpose of the ~~annual~~ QUADRENNIAL compensation report shall be to reflect all adjustments necessary to maintain the salary structure, state contributions for group benefit plans, and merit pay. ~~for the upcoming fiscal year. For the merit pay component, the state personnel director shall include a description of the amount necessary for merit pay for all eligible state employees, as well as the amount necessary for each priority group of state employees.~~ The state personnel director shall also include a detailed analysis of salary ranges for all employees in the state personnel system and how employees' salaries are distributed within these ranges. Each department may provide the state personnel director with a recommendation regarding the amount of moneys that should be appropriated to the department for merit pay for the upcoming fiscal year. ~~The state personnel director shall establish deadlines for the recommendations and shall include a summary of all the recommendations he or she receives in the annual compensation report.~~ THE STATE PERSONNEL DIRECTOR SHALL ALSO PUBLISH THE REPORT. NOTWITHSTANDING THE

REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE REPORT REQUIRED IN THIS SUBSECTION (4)(b)(I) CONTINUES INDEFINITELY. The state auditor is responsible for contracting with a private firm to conduct a performance audit of the procedures and application of data, including any survey conducted by the state personnel director. Beginning January 1, 2005, THROUGH JANUARY 1, 2021, AND BEGINNING ON JANUARY 1, 2026, the audits shall be conducted every four years. A report shall be submitted to the governor and the general assembly by the ~~June 30~~ DECEMBER 30 immediately following the completion of the audit.

(II) ~~The general assembly reviewed the reporting requirements to the general assembly in subparagraph (I) of this paragraph (b) during the 2008 regular session and continued the requirements.~~

(c) By September 15, 2017, and by September 15 of each year thereafter THROUGH SEPTEMBER 15, 2021, AND ON OR BEFORE OCTOBER 1, 2022, AND ON OR BEFORE OCTOBER 1 OF EACH YEAR THEREAFTER, the state personnel director shall submit ~~the annual compensation report and recommendations~~ and estimated costs for state employee compensation for the next fiscal year, covering salaries, state contributions for group benefit plans, and merit pay, to the governor and the joint budget committee of the general assembly. The recommendations shall reflect a consideration of the results of the ~~annual~~ QUADRENNIAL compensation survey, fiscal constraints, the ability to recruit and retain state employees, appropriate adjustments with respect to state employee compensation, and those costs resulting from implementation of section 24-50-110 (1)(a). The recommendations for state contributions for group benefit plans shall specify the annual group benefit plan year established pursuant to section 24-50-604 (1)(m). ~~The annual compensation report~~ RECOMMENDATIONS SUBMITTED TO THE DIRECTOR AND THE JOINT BUDGET COMMITTEE shall include the results of the surveys of public or private employers and jobs. ~~for prevailing total compensation and the reasons for any deviation from prevailing total compensation in the recommendations submitted to the governor and the joint budget committee.~~ The state personnel director shall also publish such ~~report~~ RECOMMENDATIONS. This subsection (4)(c) is exempt from the provisions of section 24-1-136 (11), and the periodic reporting requirements of this section are effective until changed by the general assembly acting by bill.

(5) **Pay plans.** (b) No employee in any pay plan may exceed an established maximum salary amount for such plan, except as provided in ~~paragraph (c) of subsection (1)~~ SUBSECTION (1)(e) of this section. The maximum monthly salary for any employee whose position is assigned to a nonmedical pay plan in effect prior to July 1, 1991, shall be calculated based on the 1991 maximum of five thousand seven hundred ninety-four dollars, plus the subsequent adjustments made under this ~~paragraph (b)~~ SUBSECTION (5)(b) since July 1, 1991; except that classes in the medical pay plan requiring licensure as a physician or dentist shall be subject to a maximum monthly salary calculated on the basis of the 1991 maximum of seven thousand eight hundred twelve dollars, plus the subsequent adjustments made under this ~~paragraph (b)~~ SUBSECTION (5)(b) since July 1, 1991. Effective July 1, 2010, the maximum monthly salary in the medical pay plan shall be seventeen thousand nine hundred twenty-seven dollars, plus any subsequent adjustments made under this ~~paragraph (b)~~ SUBSECTION (5)(b). Such amounts shall be adjusted by the state personnel director in accordance with the change in the employment cost index for the preceding calendar year or the percentage increase in state general fund

appropriations in relation to such appropriations for the preceding fiscal year, whichever is greater. In no event shall such amounts exceed the maximum found in the market as determined by the annual compensation survey RECOMMENDATIONS SUBMITTED BY THE STATE PERSONNEL DIRECTOR. The maximum monthly salary for the senior executive service plan shall not exceed the maximum monthly salary of any nonmedical pay plan by more than twenty-five percent.

(10) **Total compensation study including retirement benefits.** (a) By January 15, 2015, and by January 15 every eighth year thereafter OCTOBER 1, 2025, AND BY OCTOBER 1 EVERY FOURTH YEAR THEREAFTER, the state personnel director shall submit to the governor and the joint budget committee, along with the annual QUADRENNIAL compensation report required pursuant to paragraph (b) of subsection (4) SUBSECTION (4)(b) of this section, an addendum with a total compensation study that includes retirement benefits. NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE ADDENDUM REQUIRED IN THIS SUBSECTION (10) CONTINUES INDEFINITELY.

(c) For purposes of the addendum to the annual QUADRENNIAL compensation report required pursuant to this subsection (10), the public employees' retirement association created in article 51 of this title TITLE 24 shall provide access to official association member information and data under a confidentiality agreement with the third-party compensation consulting firm.

SECTION 3. In Colorado Revised Statutes, 24-50-604, **amend** (3) as follows:

24-50-604. Powers and duties of the director. (3) The director shall have the authority to adopt procedures to determine benefit eligibility requirements and the percentage of the state contribution to health benefits for all employees, as defined in section 24-50-603 (7), who work less than full time, are governed by the rules established pursuant to subsection (2) of this section, and are hired on or after January 1, 2005. The director shall include any proposed changes to the group benefits policy in the annual compensation report and recommendations submitted to the governor and the joint budget committee of the general assembly pursuant to section 24-50-104 (4)(c).

SECTION 4. Appropriation - adjustments to 2022 long bill. (1) To implement this act, the general fund appropriation made in the annual general appropriation act for the 2022-23 state fiscal year to the department of personnel for use by the division of human resources for total compensation and employee engagement surveys related to state agency services is decreased by \$300,000.

(2) For the 2022-23 state fiscal year, \$147,429 is appropriated to the department of personnel. This appropriation is from the general fund and is based on an assumption that the department will require an additional 1.0 FTE. To implement this act, the department may use this appropriation as follows:

Executive director's office, department administration	
Health, life, and dental	\$10,000
Short-term disability	\$128

Division of human resources, human resource services, state agency services

Personal services \$129,751 (1.0 FTE)

Operating Expenses \$7,550

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Approved: April 25, 2022